

IN THE MATTER OF INTEREST ARBITRATION

BETWEEN )  
)  
SAC COUNTY, IOWA, )  
) Hugh J. Perry, Arbitrator  
PUBLIC EMPLOYER, )  
AND )  
) Award issued:  
COMMUNICATION WORKERS OF AMERICA )  
(Secondary Road Employees), ) July 5, 2006  
)  
EMPLOYEE ORGANIZATION. )

APPEARANCES:

FOR SAC COUNTY: FOR CWA:  
Earl Hardisty, County Attorney Midge Slater, Bargaining Representative

BACKGROUND

CWA represents a bargaining unit of 19 Sac County employees in its secondary road department. The parties have a history of negotiating multi-year agreements, however last year they proceeded to interest arbitration and repeat the process again this year. They have agreed to bypass Fact-finding and have extended the impasse time-lines to allow for completion of the process. They agree that this award will be retroactive to July 1, 2006. A hearing was held at the Sac County Courthouse on June 20, 2006. The arbitrator is required to select the position of the party on each impasse issue deemed the most reasonable after considering the criteria set forth in section 20.22(9) of the Public Employment Relations Act.

COMPARABILITY

The parties don't completely agree on a comparability group. The County considers the counties immediately surrounding Sac County to be an appropriate comparison group. They are Calhoun, Crawford, Buena Vista, Pocahontas, Carroll and Ida. The County omitted Cherokee county from its grouping but conceded that this was an oversight. The Union uses these counties but also includes Dickinson, Clay, Palo Alto, Humbolt and Greene counties. A comparability group is useful in measuring the reasonableness of a party's proposal and in discerning what similar employees elsewhere enjoy in terms of wages and benefits. The County contends that some of the counties

used by the Union are in a different labor market and too far removed from Sac to be of benefit in making comparisons. I am inclined to agree with the County that counties nearer to Sac are more useful in making wage and benefit comparisons.

### **IMPASSE ISSUES**

The impasse issues to be decided are **Wages** and **Insurance** for the contract year July 1, 2006 to June 30, 2007.

### **CURRENT CONTRACT**

**Wages** - The contract provides for the following wages:

<u>Job Classification</u>	<u>Effective July 1, 2005 (hourly)</u>
Mechanic I	16.03
Mechanic II	12.92
Equipment Operator I	14.88
Equipment Operator II	12.59
Surveyor I	14.95
Surveyor II	12.59
Draftsman	14.95

During bargaining, the parties agreed to consolidate employees in the engineering department into two classifications, Engineering Tech I and Engineering Tech II and eliminate the Surveyor and Draftsman classifications. Hence, before any wage increase the wage schedule would appear as follows:

<u>Job Classification</u>	<u>Effective July 1, 2005 (hourly)</u>
Mechanic I	16.03
Mechanic II	12.92
Equipment Operator I	14.88
Equipment Operator II	12.59
Engineering Tech I	17.20
Engineering Tech II	15.20

The parties agree that any wage increase will be applied to these wages effective July 1, 2006. The contract provides that employees for the first 90 days are considered probationary employees and earn \$.50 less per hour than the classification calls for. Also an employee hired as an Equipment Operator II or a Surveyor II (now Engineering Tech II) will be upgraded to the higher classification after 12 months, providing the employee

is found proficient. Presently there are 16 Equipment Operator I's in the bargaining unit, 1 Equipment Operator II, and 2 employees in the engineering department. There is also a longevity provision in the contract, not at issue here, which provides for an additional \$.10 to \$.35 per hour depending on an employee's length of service to the county.

**Insurance** - These employees have fully paid health insurance, for both themselves and their families. It is a Wellmark Blue Cross Blue Shield of Iowa Plan, AH3QTN. It features \$500/\$1000 deductibles, 10%/20% co-insurance, \$1000/\$2000 maximum out of pocket, \$10 office visit co-pay and \$10/\$25/\$40 Rx co-pay. The premiums are currently \$339.27/month for single health insurance and \$848.18/month for family insurance. These premiums will not increase for the next contract year. Prior to the AH3QTN plan, these employees enjoyed a health insurance plan with lower deductibles and co-insurance but that plan ended and the employees were placed in the AH3 plan last year. At arbitration last year the County unsuccessfully attempted to cap its contribution to these employees' health insurance at \$750.00 per month. That is the limit placed by the county on all other county employees who are offered the choice of 3 different insurance plans. Those employees pay the cost of any plan over \$750.00 per month. All but 1 employee in this bargaining unit takes the family insurance benefit.

## **PROPOSALS OF THE PARTIES**

### **Wages**

The **Union** proposes a 5.25% wage increase for these employees. In support of this asking, the Union presented data indicating that employees in its comparable counties received wage increases from 2.8 in Palo Alto County to a high of 7% in Buena Vista. Most counties settled for a wage increase from 3-4%. The Union contended that Sac employees are compensated less than similar employees in these other counties and that a 5.25% wage increase is justified. The Union data indicated that Sac ranks at the bottom for the target wage for Equipment Operator I at \$14.88/hour. The highest wage is in Buena Vista County, \$17.22/hour effective July 1, 2006. The Union also factored in the cost that employees in other counties were required to pay toward their health insurance premiums. Including this component in the comparisons raised the Sac employees' standing somewhat, but they were still toward the bottom of the comparison grouping. The Union urged that this data supported its 5.25% wage proposal.

The **County** proposes a 2.8% wage increase. The County noted that these employees have averaged a 2.98% wage increase since 1993. Its proposed wage increase last year, 3%, was awarded by the arbitrator. This was still .45% higher than the average wage increase in its comparability group, 2.55%. The County notes that Sac has tended to be in the middle of its comparability group with respect to wages and that its proposal this year would tend to continue that position. The County argued that it would be unfair to consider just the wages of these employees without also taking into account their

health insurance, a costly benefit which is fully paid for them and their families by the County. When this benefit is calculated with the wages of these employees, they compare very favorably to their counterparts in these other counties. The County advanced data indicating that these other counties had settled for a wage increase from 2-4% for the upcoming contract year (except Buena Vista which provided a 7.1% increase, although the County is quick to point out that Buena Vista County employees are required to pay \$307/month for family health insurance).

## **Insurance**

The **Union** proposes that the current insurance benefit continue, namely that the County continue to provide fully paid insurance to these employees and specifically the Wellmark Blue Cross Blue Shield plan AH3QTN. It notes that the plan for these employees was changed last year with higher deductibles and co-pay and significantly, there will be no increased cost of this plan over the life of the next contract.

The **County** proposes that it continue to pay for these employee's health insurance but that the plan offered be changed to Wellmark plan AH4QTP. This plan provides for higher co-insurance, 20%/40%, higher out of pocket maximums, \$2,000/\$4000 and slightly higher office visit co-pay, \$15 and Rx co-pay, \$15/\$30/\$45. The premium for the plan is \$313.57/month for single and \$783.93/month for family. The County notes that other county employees' health insurance is capped at \$750/month. They are offered 3 different insurance plans including the one provided this bargaining unit, however, any cost above \$750 has to be paid by the employee. The County noted that even if its proposal was awarded that the County would be paying \$33.93 more per month for these employee's insurance than it does for other county employees. The County advanced data reflecting a Insurance Premium Coefficient of Adjustment to Wages in order to effectively compare wages and insurance being offered in the other counties. The coefficient of adjustment value was arrived at by starting at the \$750/month the County paid toward all other employees' health insurance. For monthly insurance costs higher than \$750 such as AH4QTP at \$783, the coefficient would be \$783 less \$750 or \$33/month divided by the work hours in a month, 176, which equals a \$.20/hour benefit to workers with this insurance. Using this formula the County made comparisons with employees in the other counties and concluded that with a 2.8% raise and current insurance these employees ranked 4<sup>th</sup> in the comparability grouping. With the County's proposed insurance they ranked 6<sup>th</sup>. The county pointed out that Crawford County employees have a two tier system, employees hired after 1988 pay significantly more for their health insurance.

## **DISCUSSION**

**Wages** - The data submitted suggests that the County's wage proposal is more reasonable than that of the Union. Few other counties are adjusting wages as great as

5.25% this bargaining year and those that have done so do not pay all of their employees' family health insurance benefit. The County's 2.8% wage proposal is within the range of settlements of other comparable counties and is consistent with the bargaining history. Such an increase should maintain the relative position of these employees among the comparable counties, especially when considering their insurance benefit. The County's wage proposal is awarded.

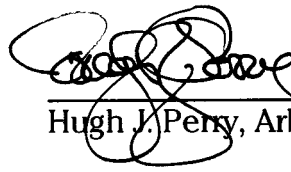
**Health Insurance** - This important benefit has greatly increased in cost in recent years. One measure utilized to contain costs is to increase deductibles and co-insurance. This was done here last year with apparent effect. There will be no increase in the health insurance premiums over the life of the next contract. The County seeks further concessions by moving to a plan with higher deductibles, co-insurance and co-pays. I would be much more persuaded to award the County's proposal in the face of increasing insurance premiums. The data presented suggests that these employees' wages lag somewhat when comparisons are made but that when health insurance is added to the mix they fare much better. One could reasonably assume from this information that these employees have made past concessions in wages to retain their health insurance benefit. I am persuaded that the best resolution of this issue is one which is fashioned by the parties themselves. In view of last year's insurance plan changes and the fact that there will be no premium increase for the next contract, I am persuaded that the Union's position on Insurance is the most reasonable. It is awarded.

### **AWARD**

**Wages** - County Proposal, a 2.8% wage increase effective July 1, 2006.

**Insurance** - Union Proposal, current insurance for the next contract.

Signed this 5<sup>th</sup> day of July, 2006

  
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Hugh J. Penry, Arbitrator

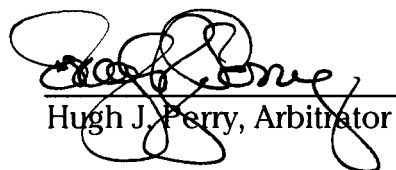
# CERTIFICATE OF SERVICE

I certify that on the 5<sup>th</sup> day of July, 2006, I served the foregoing Award of Arbitrator upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below:

Midge Slater  
CWA  
6200 Aurora Ave. Suite 503E  
Urbandale, Iowa 50322

Earl E. Hardisty  
Sac County Attorney  
100 NW State Street  
Sac City, Iowa 50583

I further certify that on the 5<sup>th</sup> day of July, 2006, I will submit this award for filing by mailing it to the Iowa Public Employment Relations Board, 510 East 12<sup>th</sup> Street, Suite 1B, Des Moines, Iowa 50319.

  
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Hugh J. Perry, Arbitrator